

To: Matt Francis[m.francis@erllc.com]
Cc: Way, Steven[way.steven@epa.gov]; willbere@rvi.net[willbere@rvi.net]
From: Mark Levin
Sent: Mon 8/17/2015 3:30:55 PM
Subject: Shutdown / Standby - Red and Bonita Mine Project

Hi Matt:

Will Beach phoned me just a few moments ago and told me that the Red and Bonita job is being shut down as of this morning, due to the EPA general order of last week suspending all mine site related investigative projects as a result of the Gold King mine release incident (which is unrelated to our work at the Red and Bonita). As you are aware, we asked for information about that when it was announced and were told it apparently did not affect the Red and Bonita remedial action, so this is unexpected.

We will need to be compensated for the cost impacts of this delay, in accordance with Section 6.6 of our contract with ER, and in accordance with the terms of the Time and Materials rates included in our proposal, referenced in the services agreement. We have a crew deployed in Silverton and equipment onsite.

Standby charges at the daily crew rate will apply.

We work in good faith with ER to help minimize labor and equipment standby cost impacts, but in order to do that effectively, we will need accurate information as to the expected duration of the shutdown so we can take appropriate action.

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The miners and supervision that MES has at the Red and Bonita job were hired specifically for that project. We have no other work for them at this time. We will either need to pay them to stay with the project or release them to seek other work. If we release them, we will certainly have additional schedule and cost impacts for re-recruiting for the project once it re-starts.

Idea: Is alternative work available that our personnel can be assigned to that would benefit the response actions at the Gold King, we can potentially minimize the wastage of

labor charges?

The bulkhead was scheduled to be pumped on August 26th. Anything more than one day delay will affect this scheduled date and may also cause additional cost impacts.

We have ordered a silo of special Type V Portland cement to be onsite at the Elam batch plant in anticipation of the scheduled pumping date – if this can still be cancelled, should we do so now to avoid those charges?

We will also need to notify the pumping subcontractor and concrete testing subcontractors if the pumping is going to be delayed. Due to the busy summer season, re-scheduling both of these later have unknown impacts - scheduling for the 26th had to be done many weeks in advance and re=scheduling quickly may or may not be easy. Should we notify them to stand down and wait for another date to be set?

I am not aware of the circumstances in the mine – actions may be needed to protect the unfinished work.

Should rental equipment be returned? Should we demobilize MES' equipment to avoid ongoing equipment standby charges to the project?

We also have already incurred one half day of standby charges for the half day we were ordered to shut down (Gold King release day).

Please let me know how long you expect the shutdown to last, so I can begin to assess the impacts and take actions to mitigate.

Thanks

Mark Levin, P.E.

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